

<b>FISCAL NOTE</b>
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**Bill #:** HB0457

**Title:** Building code enforcement in extended jurisdictional area

**Primary Sponsor:** Dick Haines

**Status:** As Introduced

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Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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**Fiscal Summary**

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<b>Expenditures:</b>		
State Special Revenue	\$169,450	\$151,950
<b>Revenue:</b>		
State Special Revenue	\$169,450	\$151,950
 <b>Net Impact on General Fund Balance:</b>	 <b>\$0</b>	 <b>\$0</b>

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<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

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**Fiscal Analysis**

ASSUMPTIONS:

**Department of Commerce:**

1. HB 457 would remove extended municipal building codes enforcement jurisdictions (extended jurisdictions) in the eight municipalities currently enforcing building codes in their extended jurisdictions after July 1, 2001, if the municipalities are not successful in maintaining their extended jurisdictional area using the mail ballot election process established in Section 1. The responsibility for issuing building,

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- mechanical, plumbing and electrical permits, and performing the required inspections in the extended jurisdictions, would become the responsibility of the Building Codes Division of the Department of Commerce should the election fail.
2. A moratorium is imposed on the municipalities from enforcing building regulations on new projects in the extended areas after July 1, 2001, until a special mail ballot election has been conducted with every qualified elector in the affected extended jurisdictional area. Inspection of installations covered by building, mechanical, electrical and plumbing permits issued by the municipality prior to July 1, 2001, would be completed by the municipality issuing the permits. The county in which the municipality is located shall conduct the mail ballot election, with the cost of the election paid for by the municipality.
  3. During the moratorium period, the Building Codes Division would assume permitting and inspection responsibility for the extended jurisdictional areas. Some types of construction projects in the eliminated extended jurisdictions, such as single family dwellings in less than five-plexes, private garages, private storage buildings, and farm and ranch buildings are exempt from the state building permit requirements. The division would not perform building inspections on these exempt projects, but would perform electrical and plumbing inspections, which are not exempt from state permitting and inspection requirements.
  4. An additional 3.00 FTE (grade 14) inspectors (2.00 plumbing/mechanical inspectors, and 1.00 electrical inspector) will be required to complete the anticipated increase in plumbing/mechanical and electrical permits and inspections. It is anticipated the new plumbing/mechanical inspectors would be located in Billings and Missoula, with the new electrical inspector located in Billings. Since HB 457 has a July 1, 2001 effective date, the 3.00 FTE would be needed in FY 2002 and FY 2003. Estimated personal service costs are \$99,250 in FY 2002 and FY 2003. Workload estimates are based upon the projections provided by the cities themselves, and if the estimates are low, an additional plumbing/mechanical inspector, and an additional electrical inspector would be needed for every 500 permits added to the annual workload.
  5. Additional operating expenses of \$35,200 in FY 2002 and FY 2003 would be incurred. Three additional vehicles will be required for the new inspectors at estimated cost of \$52,500. Two new vehicles would be purchased in FY 2002 at an estimated cost of \$35,000 and one new vehicle would be purchased in FY 2003 at an estimated cost of \$17,500.
  6. Revenues generated by the additional plumbing, mechanical and electrical permits would be sufficient to offset the estimated expenditures.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE	3.00	3.00
<u>Expenditures:</u>		
Personal Services	99,250	99,250
Operating Expenses	35,200	35,200
Equipment	<u>35,000</u>	<u>17,500</u>
TOTAL	\$169,450	\$151,950
<u>Funding:</u>		
State Special Revenue (02)	\$169,450	\$151,950

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	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>		
State Special Revenue (02)	\$169,450	\$151,950
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	\$0	\$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. Municipalities with extended jurisdictional areas collect a substantial portion of their building enforcement revenues from the extended jurisdictional areas. The following projections indicate the percentage of operating revenue lost by elimination of the extended jurisdictions: Billings (21%); Bozeman (31%); Kalispell (13%); Missoula (27%); Whitefish (30%); and Columbia Falls (10%).
2. The 10% to 30% losses in revenue (21% average projected loss among cities surveyed) may adversely affect individual municipal building department staffing levels with the possible loss of inspector and plan reviewer positions, which may affect the quality of their building regulation programs and their ability to serve the public.
3. There is no direct fiscal impact on counties.

LONG-RANGE IMPACTS:

It is projected that several hundred new single family and multi-family dwellings (annually) will not receive building inspections, since single family and multi-family dwellings in less than five-plexes are exempt from building permitting and inspection under the Building Codes Division Program. Also exempted are private garages, private storage structures, and farm and ranch buildings.